

# Fiscal Note

State of Alaska  
2020 Legislative Session

Bill Version:	FCCS SB 241
Fiscal Note Number:	34
(S) Publish Date:	3/28/2020

Identifier: SB241CCSCSCS(CC)-EED-ACPE-3-28-20  
Title: EXTENDING COVID 19 DECLARATION/RELIEF  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: Conference Committee

Department: Department of Education and Early Development  
Appropriation: Alaska Commission on Postsecondary Education  
Allocation: Program Administration & Operations  
OMB Component Number: 2738

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2021 Appropriation Requested	Included in Governor's FY2021 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2021	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2020) cost:** 0.0 (separate supplemental appropriation required)

**Estimated CAPITAL (FY2021) cost:** 0.0 (separate capital appropriation required)

**Does the bill create or modify a new fund or account?** No  
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

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## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2020 LEGISLATIVE SESSION

## Analysis

The Alaska Commission on Postsecondary Education (Commission) currently offers forbearance from collection and forbearance from garnishment to borrowers who indicate financial hardship, and the Commission is also forbearing from all new garnishments during the pandemic emergency. This bill sets out that the Commission may not find a borrower to be in default of the terms and conditions of a loan promissory note, and may not take garnishment action when so doing would cause a borrower financial hardship and that financial hardship arises from the pandemic emergency. The bill sets out a process for borrowers to request forbearance from default declaration and from garnishment.

The financial impact of this bill would be to the Alaska Student Loan Corporation (Corporation), which finances these loans, in the form of revenue deferral and thus cash flow impairment. An additional impact would be losses from borrower non-payment, based on the decreased likelihood of ever collecting on a defaulted loan after forbearance from collection. It is not possible to quantify downstream impacts of cash flow impairment and defaulted loan losses; however, the bill's requirement that borrowers document hardship will mitigate losses for the Commission.

The impact to borrowers for whom the Corporation forbears from collection is that their loans may negatively amortize, and their costs of borrowing will increase if they do not fulfill their repayment obligation once the forbearance period ends. General risks of forbearance are losing contact with the borrower and borrower lack of awareness when payments again become due. The impact to future borrowers is that they will experience higher interest rates; however, the bill's requirement that borrowers document hardship will mitigate cost increases for all borrowers.